



ASSESSMENT and  
QUALIFICATIONS  
ALLIANCE

# Mark scheme January 2003

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## GCE

### Business Studies

### Unit BUS2

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## General marking guidance

You should remember that your marking standards should reflect the levels of performance of Advanced Subsidiary candidates, mainly 17 years old, writing under examination conditions. The level of demand of this unit is that expected of candidates half-way through a full A Level course.

### Positive marking

You should be positive in your marking, giving credit for what is there rather than being too conscious of what is not. Do not deduct marks for irrelevant or incorrect answers as candidates penalise themselves in terms of the time they have spent.

### Mark range

You should use the whole mark range available in the marking scheme. Where the candidate's response to a question is such that the mark scheme permits full marks to be awarded, full marks **must** be given. A perfect answer is not required. Conversely, if the candidate's answer does not deserve credit no marks should be given.

### The use of Levels of Response

Levels of Response marking requires examiners to follow the logic of a candidate's answer. A concept which would receive credit only for knowledge in one context could become a means of analysis in another. For instance, in the question: "Discuss the BGD Company's marketing strategy", a candidate who writes: "approaches to a strategy include SWOT and the Boston Matrix" is showing knowledge. A brief, accurate explanation of the Matrix shows understanding, whereas a candidate who uses the Matrix to examine the BGD Company's case is showing the skill of analysis. **Please note that there are other ways to show analysis.**

What then of evaluation? This is the hardest skill to define because judgement can only be shown in context - and that context is not only the one set in the assessment unit, but also by the candidate's own answer. Evaluation is **not** shown by drilled phrases or approaches such as: "On the other hand ..." or "Business operates in an ever-changing ...". It is shown through the weighting of the candidate's arguments, the logic (and justification) of his/her conclusions.

### Quality of language

The GCSE and GCE A/AS Code of Practice requires the assessment of candidates' quality of written communication wherever they are required to write in continuous prose. In this unit, this assessment will take place for each candidate's script as a whole by means of the following marking criteria.

- |         |  |                |
|---------|--|----------------|
| LEVEL 3 | Moderately complex ideas are expressed clearly and reasonably fluently, through well linked sentences and paragraphs. Arguments are generally relevant and well structured. There may be occasional errors of grammar, punctuation and spelling.   | <b>3 marks</b> |
| LEVEL 2 | Straightforward ideas are expressed clearly, if not always fluently. Sentences and paragraphs may not always be well connected. Arguments may sometimes stray from the point or be weakly presented. There may be some errors of grammar, punctuation and spelling, but not such as to suggest a weakness in these areas | <b>2 marks</b> |
| LEVEL 1 | Simple ideas are expressed clearly but arguments may be of doubtful relevance or obscurely presented. Errors in grammar, punctuation and spelling may be noticeable and intrusive, suggesting a weakness in these areas.   | <b>1 mark</b>  |
| LEVEL 0 | Ideas are expressed poorly and sentences and paragraphs are not connected. There are errors of grammar, punctuation and spelling, showing a weakness in these areas.   | <b>0 marks</b> |

**Total 3 marks**

## Unit 2: People and Operations Management

1

Total for this question: 30 marks

(a) Explain what is meant by the term “delaying” (line 6).

(3 marks)

	Content 3 marks
<b>Level 2</b>	<b>3-2 marks</b> Candidate shows good understanding of the term
<b>Level 1</b>	<b>1 mark</b> Candidate shows some understanding of the term
<b>Level 0</b>	<b>0 marks</b> Candidate shows no understanding of the term

- Delaying - the removal of one or more levels of hierarchy in an organisational structure.
- flattening of the hierarchy/can improve communication.
  - usually focussed on middle management

(b) (i) Calculate the labour productivity at the Chinese factory.

(3 marks)

Labour productivity is the measure of output per worker per time period.

Calculated by:

$$\frac{\text{Total output per time period}}{\text{Number of employees}} = \frac{462\,000 \text{ units}}{1100 \text{ workers}} = 420 \text{ units per worker per year}$$

1 mark for each correct component, to maximum of 3 marks:

i.e.

$$\left[ \begin{array}{l} \text{Total output per time period: } 462\,000 \text{ units; } 1100 \text{ workers; } 420 \text{ units per worker} \\ \text{number of employees} \end{array} \right]$$

(1 mark)                      (1 mark for both figures)                      (3 marks for correct answer)

(b) (ii) The delaying at Head Office has increased the span of control of some of the remaining staff. Outline **two** possible benefits of the increased span of control to Hornby. (6 marks)

	<b>Content 2 marks</b>	<b>Application 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Two or more benefits identified <b>or</b> a clear understanding of span of control	<b>4-3 marks</b> Effective development of point(s) in relation to Hornby
<b>Level 1</b>	<b>1 mark</b> One benefit identified and/or some understanding of span of control	<b>2-1 marks</b> Some development of point(s) in relation to Hornby
<b>Level 0</b>	<b>0 marks</b> No benefits identified and no understanding shown	<b>0 marks</b> No development

- Increases responsibility of remaining staff – may motivate staff to improve further.
- Enables fewer levels of hierarchy – company remains close to the market and thus able to spot changes in customer needs such as the move to a more adult market.
- Reduced costs of supervision – important part of the cost reduction necessary to keep Hornby competitive.
- Senior managers more able to devote resources to strategic issues such as new product development.

(c) Analyse **two** possible disadvantages that Hornby might have experienced as a result of its decision to sub-contract all its production to China. (8 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Two or more disadvantages of sub-contracting given or shows good understanding of term	<b>2 marks</b> Effective application of disadvantage(s) of sub-contracting to Hornby's situation	<b>4-3 marks</b> Effective use of theory to analyse disadvantage(s) of sub-contracting
<b>Level 1</b>	<b>1 mark</b> One disadvantage given or shows limited understanding of term	<b>1 mark</b> Some application of disadvantage(s) of sub-contracting to Hornby's situation	<b>2-1 marks</b> Limited use of theory to analyse disadvantage(s) of sub-contracting
<b>Level 0</b>	<b>0 marks</b> No relevant content given	<b>0 marks</b> No application of problems	<b>0 marks</b> No analysis present

**Possible answers include:**

- Loss of control over supplies – problem of long lead times and lack of stocks at peak times, communication problems.
- Loss of control over quality – does overseas manufacturer have same quality standards?
- Lack of flexibility to respond to rapid changes in demand – as seen in Christmas sales of Hogwart's Express.
- Does sub contracting overseas lengthen time to market of new products being developed?
- Negative PR/image problems as result of sub-contracting to China.
- Cost of redundancies in the UK.

(d) Hornby's decision to move all its production to China and to reduce the size of the Head Office staff resulted in the loss of nearly 600 jobs. Discuss whether Hornby should have consulted employees before making such a decision. (10 marks)

	<b>Content 2 marks</b>	<b>Application and Analysis 5 marks</b>	<b>Evaluation 3 marks</b>
<b>Level 2</b>	<b>2 marks</b> 2 or more relevant points made or good understanding of consultation shown	<b>5-3 marks</b> Effective analysis of reason(s) why consultation should <b>or</b> should not have been used	<b>3-2 marks</b> Sound judgement shown in answer or conclusions
<b>Level 1</b>	<b>1 mark</b> 1 relevant point made or partial understanding of consultation shown	<b>2-1 marks</b> Limited analysis using theory/application of knowledge to scenario	<b>1 mark</b> Some judgement shown in response
<b>Level 0</b>	<b>0 marks</b> No relevant point made	<b>0 marks</b> No application or analysis offered	<b>0 marks</b> No judgement shown

**Possible answers include:**

**Reasons why Hornby should have consulted:**

- Reduce the possibility of industrial action, which would have damaged their reputation.
- May have encouraged workers to accept the strategic view that the decision was in Hornby's best interest in the long term.
- Would have given the workers some input into the decision – for instance who should remain at Head Office and how should their new jobs be defined
- More likely to achieve restructuring quickly if industrial action can be avoided – text suggests the need for speed.
- Consultation may avoid the need for compulsory redundancy if voluntary redundancy can be achieved.
- Legal requirement to consult.

**Reasons why Hornby should not have consulted:**

- Opposite of above point about need for speedy decision. Consultation may delay a much needed decision.
- Was there a choice – powerful reasons to do with costs – would consultation have made a difference?
- Would consultation have made industrial problems worse? Can employees be consulted over who's to go?

Evaluation will attempt to balance the arguments and come to a conclusion, perhaps noting the legal obligations.

- (a) Explain what is meant by the following terms:
- (i) “capacity utilisation” (line 10); (3 marks)
- (ii) “empowerment” (line 20). (3 marks)

	Content 3 marks
<b>Level 2</b>	<b>3-2 marks</b> Candidate shows good understanding of the term
<b>Level 1</b>	<b>1 mark</b> Candidate shows some understanding of the term
<b>Level 0</b>	<b>0 marks</b> Candidate shows no understanding of the term

**Capacity utilisation** – the extent to which maximum possible output is being achieved. Can be expressed in terms of actual output as a % of maximum output. Candidates may talk in terms of particular factors of production such as labour or capital utilisation – reward where appropriate.

**Empowerment** – the giving of power and control to employees to exercise control over their work. Look for more than delegation.

- (b) Employees at R.Griggs Ltd are responsible for their own quality assurance. Outline **two** possible benefits that the company might experience as a result of making employees responsible for the quality of their own work. (6 marks)

	Content 2 marks	Application 4 marks
<b>Level 2</b>	<b>2 marks</b> Two or more benefits identified or a clear understanding of quality assurance	<b>4-3 marks</b> Effective development of point(s) in relation to R.Griggs
<b>Level 1</b>	<b>1 mark</b> One benefit identified or some understanding of quality assurance	<b>2-1 marks</b> Some development of point(s) in relation to R.Griggs
<b>Level 0</b>	<b>0 marks</b> No benefits identified and no understanding shown	<b>0 marks</b> No development

**Possible points include:**

- Improved motivation – employees feel they “own” the product and take more care – might be important in a niche market such as fashion footwear where high quality is important.
- Improved quality of product – a niche product that is relatively expensive would need to justify a high price.
- Reduction in rejects/poor quality will reduce costs – losses made recently suggest a need to cut costs/increase productivity.
- Multi-skilling improves quality of labour and makes workers better able to comment on quality issues.
- Perhaps cell production necessitates quality assurance - logical extension of HR aspects of cell production.

(c) Examine ways R.Griggs Ltd might measure the success of its training.

(8 marks)

	<b>Content 2 marks</b>	<b>Application 2 marks</b>	<b>Analysis 4 marks</b>
<b>Level 2</b>	<b>2 marks</b> Two or more ways of assessing training given or shows good understanding of term	<b>2 marks</b> Effective application of way(s) of assessing training to R.Griggs' situation	<b>4-3 marks</b> Effective use of theory to analyse way(s) of assessing training
<b>Level 1</b>	<b>1 mark</b> One way of assessing training given or shows limited understanding of term	<b>1 mark</b> Some application of way(s) of assessing training to R.Griggs' situation	<b>2-1 marks</b> Limited use of theory to analyse way(s) of assessing training
<b>Level 0</b>	<b>0 marks</b> No relevant content given	<b>0 marks</b> No application of problems	<b>0 marks</b> No analysis present

**Possible answers include:**

- Improved quality of work – fewer defects;
- Better quality decisions from employees;
- Evidence that multi-skilling is benefiting Griggs – perhaps through greater flexibility;
- Improved motivation and sense of involvement – measures that show such improvement eg labour turnover;
- Increased output – hence increased bonuses;
- Improved ability of cells to plan effectively and meet deadlines – hence improvement in achieving deadlines.
- Ways of asking or observing staff that yield quantitative data.

- (d) It has been suggested that R.Griggs Ltd will find it much more difficult to introduce cell production into a service function such as sales than it has in its manufacturing section. To what extent do you agree with this view? (10 marks)

	<b>Content 2 marks</b>	<b>Application and Analysis 5 marks</b>	<b>Evaluation 3 marks</b>
<b>Level 2</b>	<b>2 marks</b> 2 or more relevant points made or good understanding of cell production shown	<b>5-3 marks</b> Effective analysis of why cell production can <b>or</b> cannot be used in a service context	<b>3-2 marks</b> Sound judgement shown in answer or conclusions
<b>Level 1</b>	<b>1 mark</b> 1 relevant point made or partial understanding of cell production shown	<b>2-1 marks</b> Limited analysis using theory/application of knowledge to scenario	<b>1 mark</b> Some judgement shown in response
<b>Level</b>	<b>0 marks</b> No relevant point made	<b>0 marks</b> No application or analysis offered	<b>0 marks</b> No judgement shown

**Possible answers include:**

**Reasons why cell production might be more difficult to introduce in a service context:**

- Developed in a manufacturing context – cells can easily see how many units they have produced;
- The manufacturing process can be broken into different tasks – more difficult to do this with a service;
- Measurable output means targets can easily be set.

**Reasons why cell production might not be more difficult to introduce in a service context:**

- Team based approach is equally appropriate in a service context;
- Targets for “output” can apply to sales or customer service;
- Examples of cell layout exist in call centres;
- Continuous improvement applicable to service context.

Evaluation will attempt to balance the arguments and come to a conclusion.